Operating Budget Report

2021/2022

April 2021

2021/2022 BUDGET REPORT

FOREWORD

This report is intended to provide a comprehensive review and summary of the process, consultations, and results of the Trent University 2021/2022 Operating Budget.

Trent's administration has attempted to pursue a budget development process that enhances the degree of transparency, communication and input of all constituencies of the University community. This report attempts to capture the key elements and content of the development process, including consultation outcomes and specific impacts of budget decisions on the various academic and non-academic units of the University.

It is our intention to produce a summary report annually, and circulate it widely, in order that the budget and underlying program activity of the University can be better understood and assessed.

Your comments and feedback are welcome.

Kent Stringham, Vice President, Finance and Administration
Michael Khan, Provost and Vice President, Academic
Cheryl Turk, Associate Vice President, Finance

EXECUTIVE SUMMARY

The budget planning process for fiscal 2021/2022 began in October 2020 with enrolment modelling and discussions with various groups in the University community regarding the current fiscal environment, the budget process, and timelines.

Despite the ongoing pandemic, Trent's student population grew to 11,068 full time equivalents (FTEs) in 2020/2021, an increase of 4.6% over the budget and a 6.9% increase from 2019/2020. This enrolment growth resulted in an unplanned increase in tuition revenue net of student financial aid and scholarships for the fiscal year. However, the increase in tuition revenue and in-year budget reduction strategies only partly mitigated the impact of COVID-related expenses and ancillary services revenue impairment. As a result, at the time the Board approved this Operating Plan, the University was projecting an operating deficit of approximately $2.4 million for 2020/2021. Subsequently, the Ministry announced Trent would receive nearly $6.5 million in funding for eligible COVID-related expenses, meaning the University could end the year with an operating surplus of up to $4.1 million (subject to year-end adjustments and final carry forward approvals).

The University is planning for a full return to in-person learning at both Peterborough and Durham campuses for Fall 2021, while expanding online course options for students who wish to take some courses remotely.

For 2021/2022, Trent is conservatively anticipating total student enrolment to increase by 1.3% to 11,214 FTEs, an increase of 146 FTEs from 2020/2021. This represents an increase of over 34% from the 2016/2017 corridor mid-point used in the current Ministry funding model. By the end of this planning cycle, budgeting forecasts expect total enrolment to reach 11,790 FTEs. However, under the current funding model, enrolment growth will not be funded.

Under the five-year Strategic Mandate Agreement (SMA3), which commenced with fiscal 2020/2021, total eligible funding for the University is fixed. The Ministry suspended at-risk funding for the first two years of the SMA3 due to the pandemic, but expects to re-link funding to labour market outcomes with 45% of total eligible funding tied to performance outcomes in 2022/2023, growing by 10% each year until 60% of total eligible funding is performance based in 2024/2025.

The current Tuition Fee Framework, which expires April 30, 2021, mandates 2020/2021 tuition fees for domestic students be frozen at 2019/2020 rates, which were reduced by 10% compared to 2018/2019 fees. In the absence of any announcement, Trent is assuming domestic tuition rates will continue to be frozen. [Subsequent to Board approval, the Ministry confirmed tuition fees would continue to be frozen for 2021/2022]. International fees are not regulated by the province. In an effort to grow international enrolment and remain competitive, Trent's Board of Governors approved an increase in international tuition rates of 3% to 8% depending on the type of student and program.

With fixed Ministry funding and domestic tuition fees frozen, many universities including Trent, are adopting an enrolment growth strategy reliant on tuition-only revenue and increased internationalization to offset inflationary pressures.

Based on the key planning assumptions, the preliminary 2021/2022 Operating Budget before making any new strategic investments or implementing new budget reduction strategies projected approximately $1.3 million available for strategic investments. This preliminary budget excludes any COVID-related costs and revenue impairment that may be incurred in 2021/2022 as the pandemic continues. These costs will be covered by the recently-announced funding or prior year appropriations.

The preliminary budget leaves limited funds available for additional strategic investments to address the enrolment growth on which the preliminary budget was predicated. With this in mind, budget owners were expected to manage within their existing departmental budgets. Budget owners who wished to propose new investments during the budget cycle were asked to identify budget reduction strategies to offset the strategic investment request, where possible.

All presentations and proposals were carefully reviewed by the President and Vice-Presidents. For new strategic investments, particular attention was given to current needs that addressed student enrolment growth and longer-term impact on the allocation of resources, as well as alignment with the University's strategic plans. For budget reduction proposals, they gave careful consideration to strategies that minimized the impact to students and to staff, and did not compromise quality of programs and services. The RCM model was also used as a guiding principle for decision making when prioritizing and recommending strategic investments.

The approved net new investments of nearly $900,000 for 2021/2022 focus on the following strategic priorities of the University:

- Balancing the Operating Budget;
- Enhancing Research Opportunities;
- Improving Maclean's Rankings;
- Growing Enrolment, with a particular emphasis on internationalization; and
- Expanding the Durham GTA campus.

As a result of the approved net new strategic investments, the 2021/2022 Operating Budget is expected to be balanced with a nominal surplus of $406,000. This operating plan was approved by the Board of Governors on March 26, 2021.

Further details of the 2021/2022 budget process, major assumptions, budget strategies, new strategic investments, and projected financial position are provided in this report.

FISCAL ENVIRONMENT, BUDGET DEVELOPMENT PROCESS, AND TIMELINES

The comprehensive budget planning process for fiscal 2021/2022 began in October 2020 with discussions with various groups in the University community regarding the current fiscal environment, the budget process, and timelines. Through the Strategic Enrolment Management Committee and other working groups, various enrolment scenarios were modelled building on Fall 2020 then-projected enrolment.

Fiscal Environment

The COVID-19 pandemic, declared by the World Health Organization March 11, 2020 and expected to continue into the 2021/2022 fiscal year, has had a significant financial, market and social dislocating impact. The University, like most other post-secondary institutions, halted in-person activity, restricted access to its physical facilities, and moved to a remote/online education format in March 2020 based on recommendations from Public Health Ontario. Beginning in Fall 2020, Trent implemented a Multi-Access Academic Plan for the 2020/2021 academic year by offering courses using online or remote course deliver with prioritized programs, courses and course components delivered in person where possible and in accordance with public health and safety guidelines. Some of the University's operations and spaces, including residences, successfully returned to campus to provide uninterrupted learning for students.

While the recent COVID-19 relief funding announcement in March 2021 will help the University avoid an operating deficit in 2020/2021, the financial impact of the global pandemic is three-fold:

1. Enrolment and tuition revenue – While Trent's overall enrolment grew in 2020/2021, new intake was lower than planned, which may negatively impact future enrolment and tuition revenues as the smaller cohort flows through upper years of study. In addition, international recruitment continues to be a challenge due to travel and study permit restrictions;
2. COVID-related investments – Expenses related to the transition to alternative learning formats, upgrades to IT infrastructure, increased student and faculty supports, added costs of personal protective equipment, cleaning and supplies, and the reconfiguration of physical spaces on campuses are required to ensure the health and safety of students, faculty, staff and community; and
3. Ancillary and other revenue losses – The University's ancillary services, like other post-secondary institutions, have been and continue to be significantly impacted as residence occupancy and other in-person attendance is limited by health and

safety protocols. Resulting revenue losses have depleted most ancillary services reserves (funds set aside for critical capital and infrastructure renewal) and excess revenue impairment is being covered by the Operating Fund.

On November 6, 2020, the provincial government released its 2020 Fall Economic Statement titled "Ontario's Action Plan: Protect, Support, Recover", a budget focused on three pillars in response to the global COVID-19 pandemic:

1. Protect – Urgent response focused on the health and long-term care sectors;
2. Support – Support for people and jobs, concentrated on government policy designed to aid and support businesses and families to weather the current pandemic; and
3. Recover – Creating the conditions for growth.

The last pillar includes some post-secondary initiatives, including new funding for micro-credentials and research, and re-announcements related to capital grants and mental health supports for students. Funding regarding the Ministry's digital strategy will help the University enhance its online platform and grow research opportunities while increases in Facilities Renewal Program funding will assist with the University's efforts to address deferred maintenance.

The Fall 2020 operating budget announcement was silent on the Ministry's Tuition Fee Framework, which expires on April 30, 2021. The current framework mandated tuition fees for all eligible domestic graduate and undergraduate programs be frozen at 2019/2020 rates, which were reduced by 10% from 2018/2019.

Trent signed its Strategic Mandate Agreement 2020-2025 (SMA3) with the Ministry in August 2020. The SMA3 fixes total operating funding for the duration of the five-year agreement and includes ten performance-based metrics focused on jobs and economic impact, two of which are institution-specific. These metrics and associated targets are reviewed and amended annually to support the continuous improvement approach by the Ministry. The original intent was to tie these metrics to operating funding, commencing with 25% of total funding at-risk in 2020/2021, increasing 10% each year to 60% by 2024/2025. With the continuation of the global pandemic, the Ministry temporarily decoupled funding from these performance-based metrics for the first two years of SMA3. Funding linked to these metrics will resume in year three of SMA3 with 45% of total funding linked to performance outcomes in fiscal 2022/2023.

Given the current fiscal environment, it was challenging to achieve a balanced budget for this planning cycle. Effectively, fixed Ministry funding, frozen tuition rates and the continuation of the pandemic creates more reliance on international students, tuition-only enrolment growth strategies, and operating efficiencies. The Preliminary Budget projected limited funds available for additional strategic investments to address enrolment growth and other operating or inflationary pressures while continuing to provide quality programs and learning opportunities that are personal, purposeful and transformative.

Budget Process

For the 2021/2022 budget cycle, Trent continued multi-year budgeting at the budget developer level as a way to promote longer-term planning and more efficient use of critical resources required to address projected enrolment growth and to align with the University's strategic direction. Multi-year planning is key for Trent to strategically plan its economic recovery from the negative impacts of the pandemic and to obtain future sustainability. The fiscal years included in this planning cycle are:

- May 1, 2021 to April 30, 2022 (2021/2022);
- May 1, 2022 to April 30, 2023 (2022/2023); and
- May 1, 2023 to April 30, 2024 (2023/2024).

Budget owners were asked to prepare a three-year plan based on the current planning guidelines and assumptions. Proposals for the initial year (2021/2022) were provided at a more detailed level as decisions focused on year one of the plan. Plans for the second and third years offer an order of magnitude for planning purposes only. Multi-year plans are subject to annual review each fall to ensure the assumptions remain reasonable and/or up to date for additional known changes or new expectations.

Responsibility Centered Management (RCM), continued to be a key consideration, along with other principles including alignment with the University's Strategic Plans, academic needs, and legislative or other mandatory requirements, when prioritizing and recommending new investments and changes to resource allocations. RCM is an activity-based model intended to promote stronger linkages to academic goals and priorities. The aim of RCM is to improve financial sustainability by emphasizing the University's strengths in teaching, research and services, and by supporting selected opportunities and innovations.

While RCM does not in and of itself increase net revenue for the University, it does promote innovative and efficient delivery of academic programming and enrolment planning by allowing increased revenue and cost savings to remain in the decanal unit that generates the positive change. The most significant way to improve performance under RCM is to increase revenue by growing enrolment and introducing new programming. Given the current Ministry funding framework, including the absence of enrolment growth funding and introduction of at-risk performance funding, the decanal units under the RCM will experience more challenges in meeting RCM targets as enrolment growth and new programming may not result in additional revenue for the decanal unit(s) or the University. As a result, more emphasis is placed on finding efficiencies by reducing costs without compromising the quality of programs and services, and without pitting one decanal unit against another in a way that negatively impacts the academic mission of the University. In the coming months, the RCM model will be reviewed and the cost structure of various components for the departmental academic budgets, such as workload and instructional costs to student ratios, will be examined to provide further guidance for making investment decisions.

The budget process began with updating the prior year's base and RCM budgets to reflect salary escalation, inflation and other known changes in staffing and other expenses. The Preliminary Base Budget used as a starting point for the first year of this budgeting cycle (2021/2022) is based on the original operating plan approved by the Board in March 2020, adjusted for known and inflationary factors. One-time budget adjustments to address the pandemic, for example, in-year budget reduction strategies or one-time deferrals of new Board-approved investments, were removed thereby restoring the originally approved departmental operating budgets in the Preliminary Base Budget.

This Preliminary Operating Budget prepared in December 2020 indicated an essentially balanced budget based on the key planning assumptions described in more detail later in this document. This Preliminary Operating Budget was updated with new conservative enrolment projections based on February 1, 2021 final enrolment count. As a result, the preliminary forecast left limited funds available for additional strategic investments to address enrolment growth on which the Preliminary Operating Budget was predicated, or other operating pressures.

With this in mind, budget owners were expected to manage within their existing departmental budgets. Budget owners who wished to propose new investments during the budget cycle were asked to identify budget reduction strategies to offset the strategic investment request, where possible.

For each new investment proposal, budget owners were required to identify the rationale (for example, to address student enrolment growth, in response to legislative compliance requirements, to generate additional revenue, or to gain operating efficiencies) and to indicate how such new investments would be accommodated within the departmental budget. Where this was not possible, they were asked to indicate the impact and risk associated with not proceeding with the proposed new investment initiative.

For each reduction strategy identified, budget owners were requested to describe how the budget adjustments would be achieved (for example, staff position reductions or eliminations, cuts to non-staff expenses, increases in cost recoveries, or net new revenue generation). Budget owners were asked to describe the impact of the budget adjustment on the level and quality of service provided, and any potential negative impacts to students.

Budget developers received their updated preliminary base and RCM budgets (where applicable), guidelines, and key planning assumptions, including multi-year enrolment projections, in December 2020. The budget packages also included a business case template to aid in the identification of proposed budget reduction strategies or recommended new strategic investments, as outlined above, and a budget presentation template. Finance provided support to budget owners, as needed, regarding the estimation of their in-year forecasts (separately projecting COVID-related costs from operating budgets), identification of potential incremental enrolment in new or expanding academic programs, and the development of their budget adjustment requests.

During the week of February 8, 2021, budget owners presented details of their submitted proposals to the President and Vice-President Committee (PVP) for their consideration. Each budget developer was required to include in their presentation: a high-level summary of their department's 2020/2021 in-year financial performance and forecast to year end, including their proposed use of any unspent budget where a surplus was anticipated or mitigating strategies if projecting a deficit; a separate estimate of COVID-related costs compared to the previously approved COVID budgets; details and rationale for proposed budget reduction strategies and strategic investments for the three years in this planning cycle, including potential impacts; proposed use of surpluses or mitigation strategies for projected deficits for ancillary services; and a high-level summary of proposed departmental budgets for 2021/2022.

PVP met on multiple occasions to discuss the requested strategies and determine recommendations. For strategic investments, particular attention was given to current needs that addressed student enrolment growth and longer-term impact on the allocation of resources as well as alignment with the University's strategic plans. For mitigating budget reduction proposals, they gave careful consideration to strategies that minimized the impact to students and did not compromise quality of programs and services. The RCM model was also used as a guiding principle for decision making when prioritizing and recommending strategic investments.

Timelines

The table below sets out the timelines and consultative meetings held throughout the budget process.

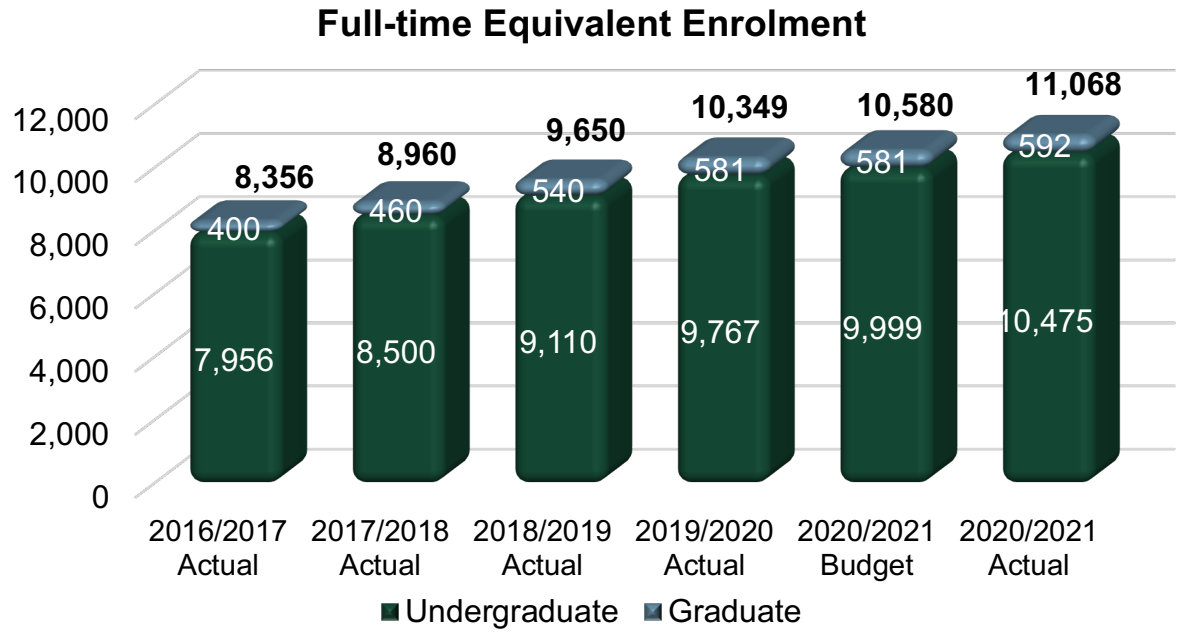
Fiscal Environment Consultations and Preliminary Budget Discussions	
Strategic Enrolment Management Committee	October 14, 2020
President / Vice-President Committee	October 26, 2020 to November 23, 2020
Finance and Property Committee	November 18, 2020
Faculty Board	November 20, 2020
Administration Planning Group	November 23, 2020
Operations Management Committee	November 25, 2020
Colleges and Student Services Committee	December 2, 2020
Special TUFA Joint Committee	December 3, 2020
Board of Governors	December 4, 2020
Joint Academic Planning & Budget / Provost's Planning Group	December 10, 2020
Draft Budget Update Discussions	
President / Vice-President Committee (following presentations made week of February 8, 2021)	February 12, 2021 February 22, 2021
Provost's Planning Group	March 2, 2021
Joint Academic Planning & Budget / Provost's Planning Group	March 11, 2021
Operations Management Committee	March 15, 2021
Administrative Planning Group	March 17, 2021
Special TUFA Joint Committee	March 17, 2021
Faculty Board	March 19, 2021
OPSEU Executive Committee	March 25, 2021
Senate	April 20, 2021
Budget Approvals	
Finance and Property Committee	March 12, 2021
Board of Governors	March 26, 2021

2020/2021 FINANCIAL UPDATE

Based on preliminary estimates at the time of budget approval in March 2021 and subject to year-end adjustments and consideration of carry forward requests, Trent University was projecting an operating deficit of $2.4 million in the 2020/2021 fiscal year compared to the balanced Board-approved budget. This projected deficit position was a direct result of the negative financial impacts related to the COVID pandemic. The University estimated $4.1 million in necessary COVID-related investments to deliver the Multi-Access Academic Plan in accordance with health and safety protocols and anticipated $7.2 million in Ancillary Services revenue impairment in excess of critical reserves as on-campus and in-person activities continue to be limited. The significant COVID-related impact was only partially mitigated by in-year one-time budget reduction strategies.

This projection preceded the Ministry's announcement of nearly $6.5 million in support of eligible COVID-related expenses including student supports, added costs related to supporting in-personal classes and costs related to online/remote learning. With this funding announcement March 19, 2021, the University's revised projection for fiscal 2020/2021 is an operating surplus of up to $4.1 million (subject to year-end adjustments and final carry forward approvals).

Despite the pandemic, 2020/2021 enrolment grew to 11,068 FTEs, an increase of 4.6% over the budget and a 6.9% increase over the prior year, resulting in additional net tuition revenue of $1.8 million compared to budget. Undergraduate enrolment increased by 7.2% from 2019/2020, an increase of 4.8% more than anticipated in the Operating Budget. Graduate enrolment increased by 1.9% compared to 2019/2020 and to the budget. International enrolment is now 10.1% of the University's total student population.



	2020/2021 Budget ($000s)	2020/2021 Projection* ($000s)	Projected Variance ($000s)
Government grants	$ 54,492	$ 55,224	$ 732
Tuition fees	$ 87,114	$ 89,090	$ 1,976
Miscellaneous revenue	$ 2,322	$ 2,322	
TOTAL REVENUE	**$143,928**	**$146,636**	**$ 2,708**
Instructional staff	$ 72,974	$ 71,513	$ 1,461
Non-instructional staff	$ 45,301	$ 45,301	
Student financial aid	$ 10,818	$ 11,005	$ (187)
Non-staff expense	$ 25,107	$ 24,288	$ 819
Sub-total	$154,200	$152,107	$ 2,093
Cost recoveries	$ (9,670)	$ (2,504)	$ (7,166)
TOTAL NET EXPENSE	**$144,530**	**$149,603**	**$ (5,073)**
NET REVENUE (EXPENSE)	$ (602)	$ (2,967)	$ (2,365)
Change in Internally Restricted	$ 602	$ 602	
ANNUAL EXCESS EXPENSE OVER REVENUE Before COVID Relief Funding Announcement March 19, 2021	**$ 0**	**$ (2,365)**	**$ (2,365)**
COVID Relief Funding		$ 6,474	$ 6,474
ANNUAL EXCESS REVENUE OVER EXPENSE	**$ 0**	**$ 4,109**	**$ 4,109**

*2020/2021 projection at time of Board approval in March 2021. This projection is subject to year-end adjustments including carry forward requests related to unspent departmental funds, as approved.

KEY BUDGET ASSUMPTIONS

The 2021/2022 Operating Budget is based on the following key assumptions, described in more detail in this section:

- The University is planning for a full return to in-person learning at both Peterborough and Durham campuses for Fall 2021, while expanding online course options for students who wish to take some courses remotely;
- Enrolment growth in undergraduate domestic and international students at both campuses;
- Fixed operating grants as there is no mechanism to fund enrolment growth, at-risk funding tied to performance-based metrics is suspended for the fiscal year, and Special Purpose grants is expected to continue at current levels;
- 2021/2022 tuition fees for all eligible domestic graduate and undergraduate programs will continue to be frozen at 2019/2020 rates, while international tuition rates will increase by 3% to 8% for depending on the type of student and program as approved by the Board of Governors March 26, 2021;
- Student financial aid and scholarships expense is highly variable dependent primarily on student enrolment and entrance grades; and
- 2021/2022 salaries and wages will increase based on collective agreements and progression through the salary grids.

Return to In-Person Learning

With news of vaccines rolling out in our communities, across the country and around the world, the University is confident the fall will look much more “normal” than the past year. As a result, Trent is planning for a full return to in-person learning at both campuses for Fall 2021. The University is committed to following and adjusting to any guidelines that may be required to keep the University communities safe. Trent is also continuing to expand online course options for those students who wish to take some courses remotely.

The financial impact of COVID-19 investments required to continue supporting students, faculty and staff and to maintain health and safety protocols for in-person learning and on-campus activities commencing September 2021, and any negative impact during Summer 2021 (in particular for ancillary services that rely on in-person activities) are excluded from the Operating Budget for 2021/2022. The University anticipates having sufficient funds either from the recently announced COVID relief funding or prior year appropriations to address these estimated costs.

Enrolment

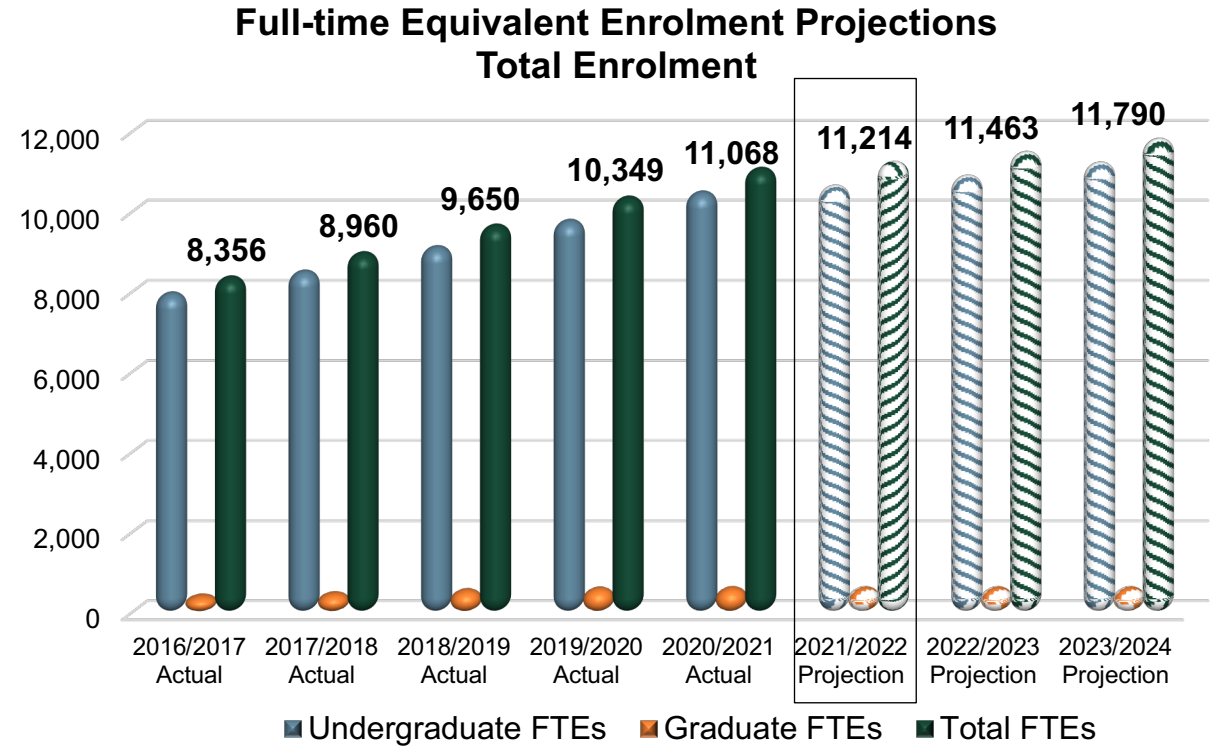
The key driver in the University's planning is student enrolment as this generates over 60% of the University's operating revenue through tuition fees and is a key determinant in enrolment-based provincial operating grants. Resources required for academic programming are determined by the number and types of students. Other university operations and support services, as well as ancillary services, are significantly influenced by the student population.

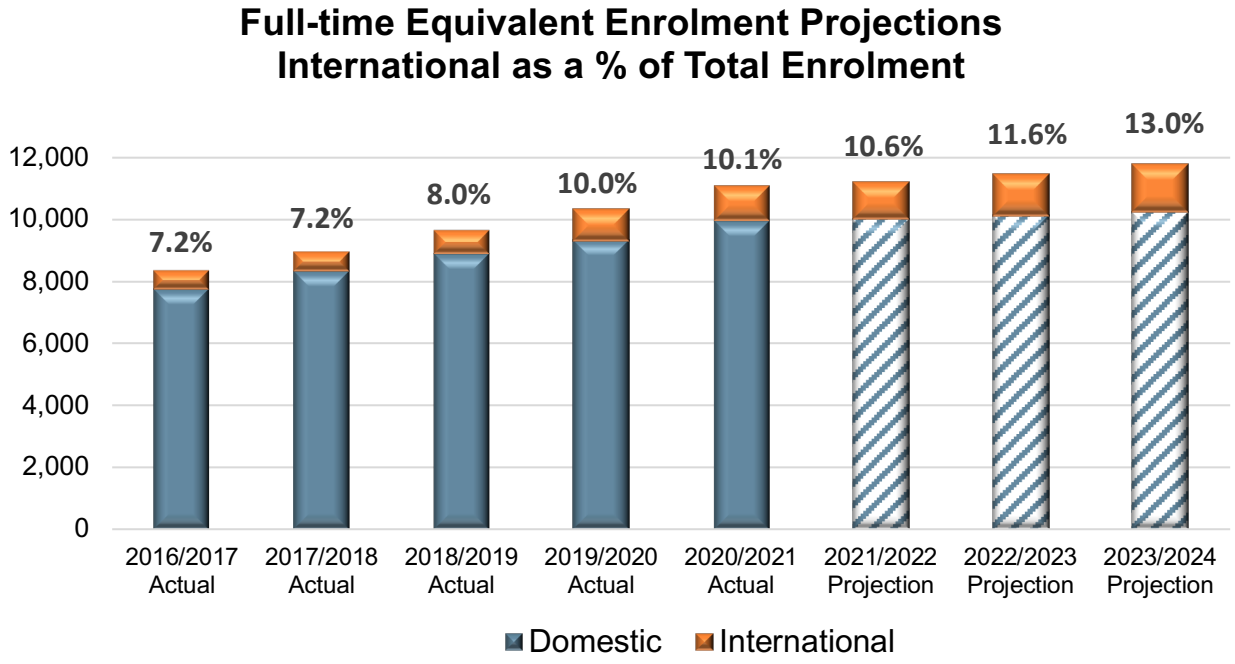
With the continued uncertainty surrounding the pandemic, enrolment projections are based on a conservative approach for this budget cycle. This approach will allow the University to plan sufficient resources and address capacity challenges related to growing enrolment while ensuring the budget is flexible to respond to unmet enrolment targets should there be any.

The three-year enrolment projections used this year for budget planning are based on the following assumptions:

- Undergraduate domestic intake will increase in a controlled manner. While total enrolment was higher than planned in 2020/2021, new intake decreased by 6.5%. The enrolment projections assume this shortfall will be recaptured over the next two admission cycles. Trent anticipates domestic intake at the Peterborough campus will increase relative to Fall 2020 by approximately 4.0% in 2021/2022, 3.0% in 2022/2023, and remain flat for 2023/2024. Much of the projected growth is anticipated in Durham, with domestic intake at that campus expected to increase by approximately 14.0%, 12.0% and 4.0% in 2021/2022, 2022/2023 and 2023/2024 respectively;
- International intake in undergraduate degree programs will increase relative to 2019/2020 intake by 75, 75 and 100 in Fall 2021, Fall 2022 and Fall 2023 respectively as concerted efforts are made to grow international enrolment from 10.1% currently to over 15% of Trent enrolment by Fall 2024. International enrolment continues to be a challenge due to travel and permit restrictions imposed during the continued pandemic;
- Nursing, Bachelor of Education, Upper-Year Social Work intake will be held constant at current levels or capped enrolment;
- One-year certificate programs will grow from 2020/2021 levels for international students by 50 in Fall 2021, 75 in Fall 2022, and 100 in Fall 2023;
- Continuation rates will be based on the average of 2017 to 2018 and 2018 to 2019 to remove anomalies created by the pandemic in 2020, conservatively adjusted;
- Graduate enrolment will continue to be stable at 2020 levels for all programs.

Overall, Trent is projecting total student enrolment will increase 1.3% to 11,214 FTEs in 2021/2022, an increase of 146 FTEs from 2020/2021. This represents an increase of 34.2% from the 2016/2017 corridor mid-point used in the current Ministry funding model. By the end of this planning cycle, total enrolment is expected to reach 11,790 FTEs.





Government Grants

The Strategic Mandate Agreement (SMA3) signed August 2020 is a five-year agreement commencing with fiscal 2020/2021. Total eligible funding for the University will be fixed during the SMA3 based on the sum of the 2018/2019 Core Operating Grant, the Performance Grant and Special Purpose Grants. The intent is to link funding to labour market outcomes with 25% of total eligible funding tied to performance outcomes in 2020/2021, growing by 10% each year until 60% of total eligible funding is performance based in 2024/2025.

The Core Operating Grant, first introduced in 2017/2018, uses an enrolment corridor mechanism with 2016/2017 eligible undergraduate and graduate enrolment as the base year for the mid-point and with a range of +/- 3% for all universities. The 2018/2019 Core Operating used in SMA3 was determined using the 2016/2017 corridor mid-point adjusted slightly for 2018/2019 graduate growth. There is no mechanism within the current funding formula to fund enrolment growth.

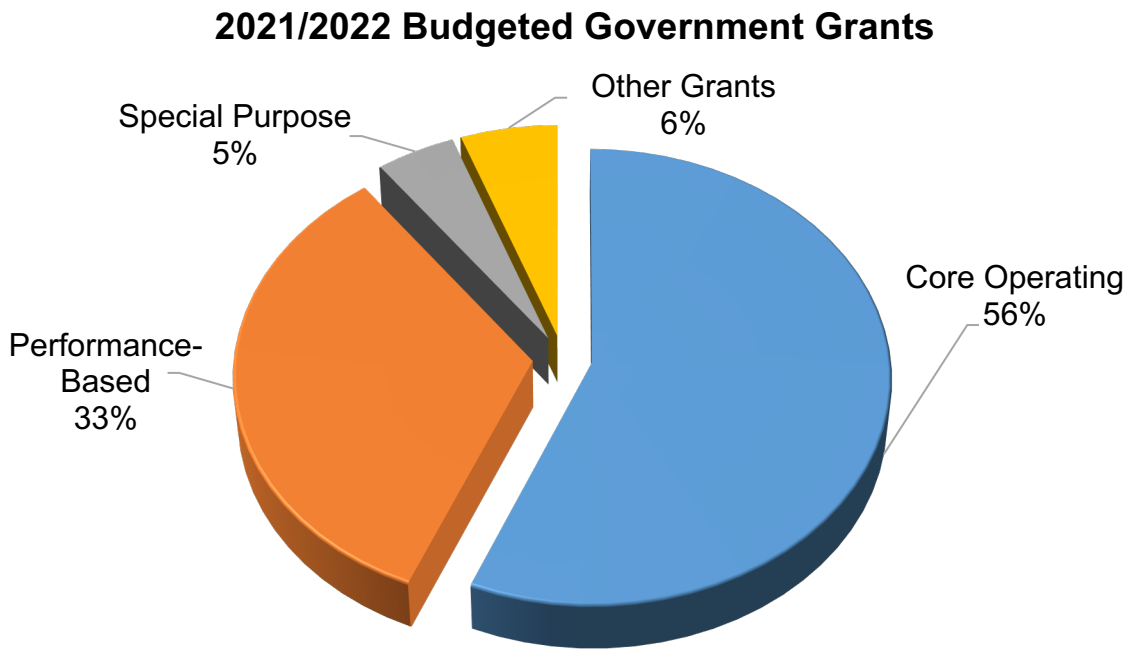
Performance-based funding will be linked to ten metrics, six of which will be aligned with priorities in skills and job outcomes, and four metrics related to economic and community impacts. The University established its own institutional strength/focus metric and institution-specific economic impact metric; the remaining eight metrics were pre-determined by the Ministry. The University will be measured each year against its own targets based on historical performance. The Ministry's approach is to set targets that promote continuous improvement; therefore, the targets and bands of tolerance will be recalculated by the Ministry each year. The University had the flexibility to weight the metrics that best reflect its differentiated strategic goals. These weightings will identify the portion of performance-based funding at risk for each metric if the University does not perform within the established band of tolerance. The University will have an opportunity during the term of SMA3 to adjust the assigned weightings. Due to the significant financial impact of the on-going COVID pandemic, the Ministry suspended the coupling of funding to performance-based metrics for the first two years of the SMA3. There will be no at-risk funding for 2021/2022; when recoupled in 2022/2023, 45% of funding will be at-risk.

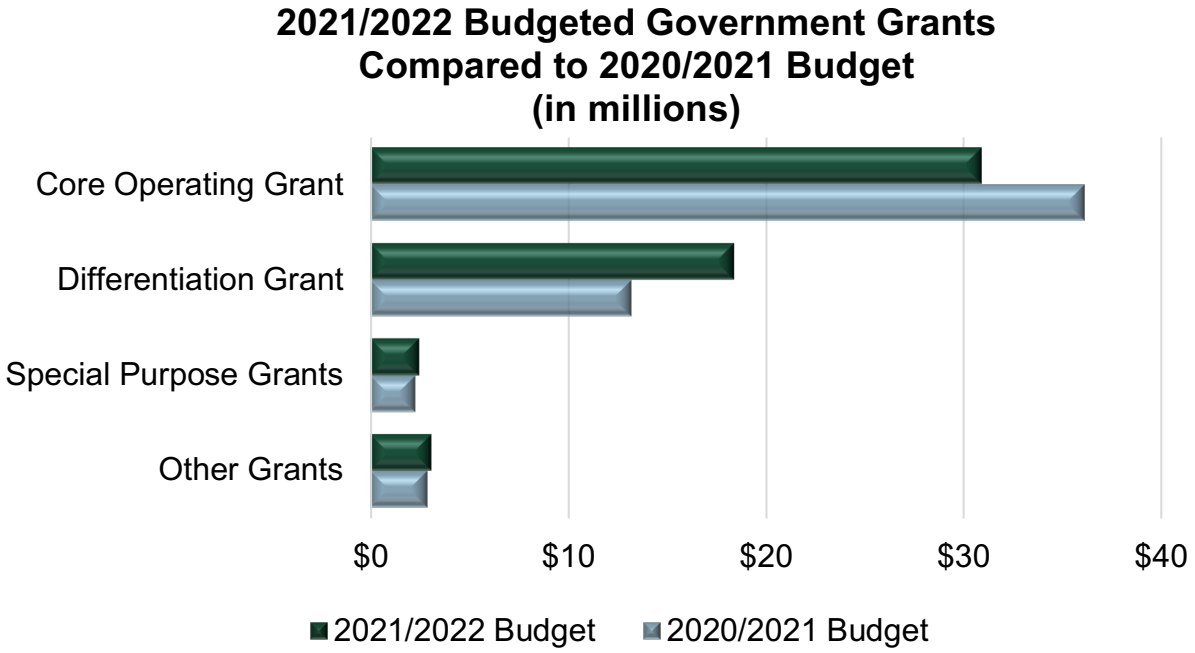
Special Purpose Grants are separate grants aligned with Ministry priorities and are subject to the specific accountabilities and processes. These grants are not necessarily dependent on enrolment.

For planning purposes, government grant revenue is based on the following assumptions:

- While the University is planning enrolment well above the established corridor, Trent has assumed enrolment growth will not be funded;
- The University expects to meet all of its required targets throughout this budget cycle thereby avoiding any recovery of government performance-based funding;
- Special purpose grants have been adjusted based on known changes at the time of planning; and

- Other grants assumed in the budget include the Collaborative Nursing grant with Fleming College and the Research Support grant, less the Ministry-required International Student Recovery fee of $750 per FTE for all international students.





Tuition Fees

With fixed Ministry funding, many universities including Trent, are adopting an enrolment growth strategy reliant on tuition-only revenue and increased internationalization to offset inflationary pressures.

The Tuition Fee Framework is governed and monitored by the provincial government through the annual Tuition Fee Compliance report. The current Ministry's tuition fee policy stipulates that tuition fees for all publicly funded programs for each year of study for funding-eligible (primarily domestic) undergraduate and graduate students be frozen for 2020/2021 at 2019/2020 tuition rates, which were mandated to be 10% less than 2018/2019 fees.

The current policy expires April 30, 2021. In the absence of a Ministry announcement on the Tuition Fee Framework for years after this expiry date, the University is assuming the tuition fee freeze will remain in effect for this budget cycle. Enrolment growth will partially mitigate lost revenue as a result of the mandated tuition reduction and subsequent freeze. [Subsequent to Board approval, the Ministry confirmed tuition fees would continue to be frozen for 2021/2022].

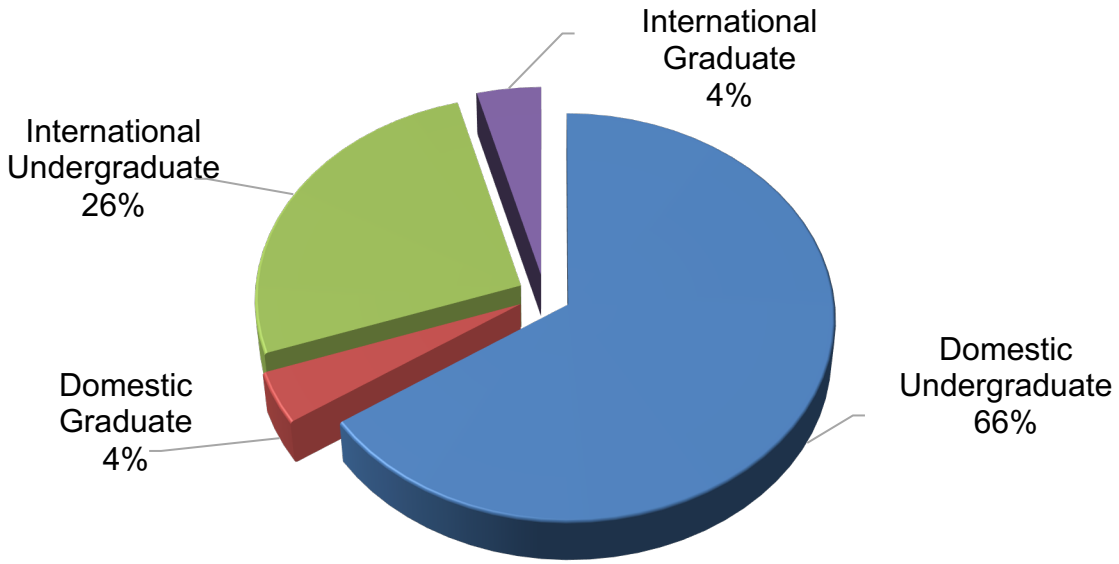
International fees are not regulated by the province and are subject to Board approval. There is a need to balance student affordability with perceived quality and reputation of academic programs in order to attract international students.

Based on a comparison of 2020/2021 international tuition rates in the Business and Arts programs categories, Trent University's international undergraduate tuition fees for degree programs are second lowest in Ontario, down from third lowest in the previous year despite a 5% increase. In March 2021, in an effort to grow international enrolment and remain competitive, Trent's Board of Governors approved an increase to international undergraduate fees of 8% for incoming students and 5% for continuing students.

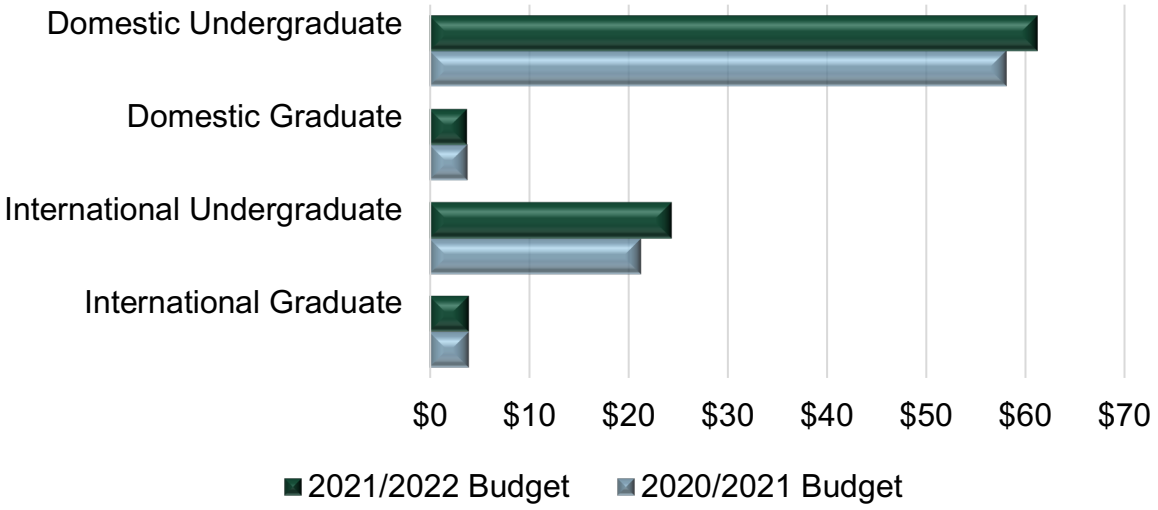
International fees for graduate programs are highly calibrated with market rates as the programs and fees were more recently established. Therefore, the Board of Governors approved an increase to international graduate fees of 3% for research-based programs and 5% for professional programs to remain comparable to prevailing market rates.

Current international rates for certificate programs offered by the University are too expensive when compared to other institutions. Trent's certificate program fees are the most expensive when compared to colleges (Trent's major competitor for certificate programs) and fourth highest in the province compared to universities. These higher-than-market rates reduce the University's competitiveness. In an effort to attract more international students and grow certificate programs, the Board of Governors approved a decrease in certificate fees commencing in 2021/2022. Based on a current pilot project for a dual certificate program, offering lower tuition has increased international interest in certificate programs at Trent.

2021/2022 Budgeted Tuition Fees Revenue



2021/2022 Budgeted Tuition Fees Revenue Compared to 2021/2022 Budget (in millions)



Student Financial Aid and Scholarships

Student aid and scholarship expense is a highly variable cost dependent primarily on student enrolment and the academic qualifications (entrance grades) of the student body. As enrolment grows, so too does this expense. The University has historically provided a high level of student aid relative to comparator universities, consistently standing at or near the top of university rankings in the percentage of its operating budget expended on scholarships and bursaries. Trent was once again #1 in Canada for scholarships and bursaries in Maclean's University Rankings 2020 – Primarily Undergraduate category.

The Ministry requires universities to reserve a portion of additional revenue resulting from tuition fee increases to eligible domestic students to ensure that institutions can meet Student Access Guarantee requirements for need-based student aid, and provide other forms of assistance to students in need. For the purposes of budget planning for all three years in this budget cycle, tuition set-aside is estimated at 6.0% of tuition fee revenue for eligible domestic undergraduate and graduate students. For international undergraduate students, the University plans to set aside an additional 2% of international undergraduate tuition fees revenue in each of the three years of this budget cycle for additional resources to support international students.

Based on last year's experience, undergraduate domestic and international scholarship costs were $509 per FTE. This rate is used to estimate undergraduate scholarship expense for each of the three years in this budget cycle. In addition to the above, undergraduate international scholarships and fee waivers are estimated to be 5.3% of undergraduate international tuition revenue based on the average of the most recent three years.

Graduate scholarship expense varies significantly, depending on the program. For research and thesis-based graduate programs, the University estimates expenses for graduate scholarships, research fellowships and awards is approximately 26.7% of the related tuition revenue. This estimated rate applies to both domestic and international graduate students. In addition, graduate international fee waivers and bursaries for international graduate students in research and thesis-based programs is estimated at 41.4% of international graduate tuition revenue. These rates are used for planning purposes throughout this budget cycle.

Salaries and Benefits

Across-the-board compensation increases for all union employee groups are based on collective agreements, as well as progression through salary grids. With the passing of Bill 124 in November 2019, salary increases are limited to 1% for a three-year moderation period commencing on the expiry of pre-existing agreements. Therefore, the University has assumed 1% increases for three years for new contracts negotiated after November 2019 in compliance with Bill 124. Merit and step increases are also allowed under Bill 124 if such programs were previously established. As a result, salary rate increases range from 1.0% to 4.7%, depending on the employee group.

At the time of planning, the collective agreements for all union employee groups were settled. TUFA, representing full-time faculty and professional librarians, and OPSEU, representing all non-academic employees, except supervisors and persons above the rank of supervisor, were settled to June 30, 2022. The collective agreement for CUPE2, which represents all employees registered as students who are regularly employed for not more than 24 hours per week as Teaching Assistants, Academic Assistants, Markers, Proctors, Lab Demonstrators, or Lab Advisors in the academic programs, was settled to August 31, 2021. The collective agreement for CUPE1, representing part-time employees engaged in teaching, demonstrating, tutoring, or marking in the academic programs (except registered students), was settled to August 31, 2023.

Benefit costs vary by collective agreement and employee. Benefit rates used for planning purposes, including health, dental, and long-term disability benefits, are expected to increase by 2.5% to 15.0% depending on the type of benefit in accordance with estimates provided by the University's benefits consultant.

Pension Costs

The TUFA Pension Plan is a registered pension plan for which an actuarial valuation must be prepared and filed annually. Based on the most recent actuarial valuation at January 1, 2020, the University's normal cost is estimated at 10.25% of payroll. In May 2020, the University received approval to use a standby letter of credit to address increases in special payments until the pension plan can be converted to a jointly sponsored pension plan. For budgeting purposes, annual going concern and solvency special payments will remain at $4.6 million, prorated appropriately in 2021/2022. In January 2021, Trent University and the University Pension Plan (UPP), a multi-employer jointly sponsored pension plan, reached an agreement for the TUFA Pension Plan to be the first non-founding member converted to the UPP with an effective date of January 1, 2022. The consent process has been completed in accordance with the Pension Benefits Act and the application process for approval from the Financial Services Regulatory Authority of Ontario is underway. Once the TUFA Plan transitions to the UPP, solvency special payments will be eliminated thereby improving the University's financial health for fiscal years after January 1, 2022.

The OPSEU/Exempt Pension Plan is a registered pension plan for which an actuarial valuation is prepared and filed annually. Based on the most recent actuarial valuation at July 1, 2020, the University's normal cost is estimated at 11.77% of payroll. Like the TUFA Pension Plan, the University has permission to use a standby letter of credit to address increases in special payments until the pension plan can transition to a jointly sponsored pension plan. For budgeting purposes, annual going concern special payments will remain unchanged at $1.8 million and $1.6 million, respectively. The University will begin discussions regarding conversion to the UPP or another jointly sponsored pension plan with members of this plan in the near future.

For the Supplementary Retirement Agreement, estimated benefit payments of $1.6 million will be required from Trent as the plan assets are depleted.

Other Non-Salary Expenses

The Operating Budget projects utilities expense will remain within existing budgeted levels and comparable with prior years. A number of initiatives to reduce energy consumption has been implemented under the Energy Performance Contract. Savings related the agreement will be used towards financing the project over the next 10 years and will not lead to operating savings during this budget cycle.

In February 2017, Trent University refinanced its existing amortizing loans with non-amortizing debentures in order to provide the University with access to additional capital, to improve the overall flexibility in the Operating Budget, and to reduce the effective cost of capital. The Board of Governors established an internally-administered sinking fund with annual contributions to ensure sufficient funds are available from which to repay 100% of the principal of the debentures at maturity, February 17, 2057. The Operating Plan assumes that the total interest payments and contributions to the sinking fund are the same as the interest and principal payments before the debt refinancing was completed.

The budget assumes an annual inflation rate of 2% on relevant non-salary expenses. Other base budget adjustments were made to reflect current experience or known changes.

With declining interest rates due to the current fiscal environment, interest earned on short-term investments and cash deposits have been significantly impacted. The decline in interest revenue is expected to continue for the near-term resulting in an additional pressure on the operating budget during this budget cycle.

In-year budget reduction strategies, including the deferral of newly-approved budget investments, implemented in the 2020/2021 fiscal year to mitigate the impact of COVID-19 were considered one-time in nature and are therefore not carried forward to fiscal years in this budget cycle. The preliminary budget was restored to the March 2020 Board-approved level excluding COVID-related investments and budget reductions before adjusting for the above-mentioned budget assumptions.

BUDGET STRATEGIES FOR 2021/2022

Based on the key planning assumptions, the preliminary 2021/2022 Operating Budget before making any new strategic investments or implementing new budget reduction strategies projected approximately $1.3 million available for strategic investments.

This projection was heavily reliant on enrolment growth and increased internationalization to generate incremental revenue. With fixed Ministry funding and tuition rates for eligible (primarily domestic) students, many universities including Trent are implementing strategies to grow international enrolment, creating more competition and adding more operating pressures to provide the needed supports for this student population. The preliminary budget left limited funds available for additional strategic investments to address enrolment growth or other operating pressures.

This preliminary budget excluded any COVID-related costs and revenue impairment that may be incurred in 2021/2022 as the pandemic continues. These costs, estimated at $2 million to $3 million (primarily related to IT infrastructure, expenses to maintain health and safety protocols, and lost ancillary revenues as on-campus activity will continue to be restricted in the summer), will be covered by prior year appropriations.

Net New Strategic Investments

The approved net new investments for 2021/2022 focus on the following strategic priorities of the University:

- Balancing the Operating Budget – It is imperative the University maintain a balanced operating budget to ensure financial sustainability for the future. Especially in the current fiscal environment, strong financial health is required in order to continue the academic vision and mission of Trent, including the provision of quality academic programs and student experience, while addressing increasing operating pressures.

- Enhancing Research Opportunities – In 2020, the University underwent an external review of research at the request of the President. The review provided 46 recommendations for consideration to achieve Trent's objective of being "the best we can be in all aspects" of its research activities. Investing in research will help address the priority recommendations identified for this fiscal year and increase research grant capture and research activity conducted by the University.

- Improving Maclean's Rankings – Maclean's rankings are a strong indicator of an institution's reputation and used by potential students when considering their university of choice. Trent has ranked #1 undergraduate university in Ontario for

10 years in a row and is ranked #1 or #2 in a number of other categories, including student services, student awards, and student satisfaction. That said, there are some categories which the University could improve that would boost Trent's overall ranking. In addition to increasing grant capture as identified in the previous strategic priority, Trent will invest in additional library acquisitions. Both of these initiatives are aimed at improving the University's rankings in several categories.

- Growing Enrolment, with a particular emphasis on internationalization – The Operating Budget is predicated on growing enrolment and strategically increasing international students to 15% of the student population by Fall 2024 in an effort to generate additional revenue in light of fixed government grants and domestic tuition rates. To achieve this objective, investments in international recruitment strategies are necessary. The development of new or expanding existing academic programs, with corresponding investments in faculty and academic supports, are required to continue to attract students to the University.

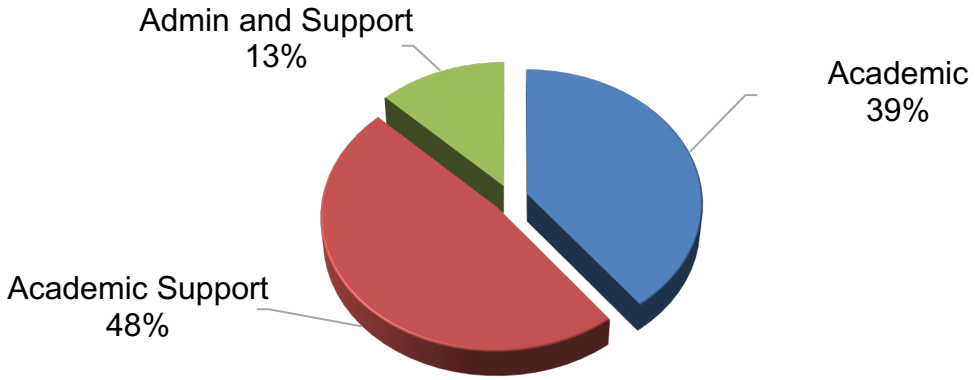
- Expanding the Durham GTA campus – Much of the anticipated enrolment growth is expected to be at the Durham GTA campus. In 2020, Trent invested in a new academic/residence building and food services renovations, and expanded other physical space to accommodate growing academics at that campus. It is important to make adequate investments in programs and services to maintain the new spaces.

A summary of the approved net new strategic investments of nearly $900,000 is provided in the table below. Approximately 87% of the new investments (before offsetting net tuition revenue) are resources directly for academic or for academic support. The strategic investments are net of incremental revenue from new or expanding programs, which for budget planning purposes, is assumed to be 50% of anticipated revenue in the initial year.

In addition to the net new investments, an additional four tenure track faculty will be funded from within the existing budgets of the academic units or new program revenues based on known or planned retirements and resignations. It is important to note that these appointments will be strategically placed where there is the most need, which may not necessarily be an exact replacement of the retirement or resignation.

2021/2022 Strategic Investment (in thousands)	On-going Investment	One-time Investment	Total Investment
Support for new or expanding programs in Sciences, Social Sciences and Durham	$748	$ 50	$798
Offset by related tuition revenue (50%) net of increased student financial aid	($956)		($956)
Investment in Durham academics and supports	$197	$ 30	$227
Investment in Nursing and Education programs		$ 89	$ 89
Investment in Research grant incentives	$275		$275
Increase in library acquisitions	$150		$150
Increase in agent fees for international recruitment	$ 60		$ 60
Communications officer with a student focus		$ 90	$ 90
Supports to enhance experiential and online learning	$147		$147
Other items including facilities and information technology	$ 19		$ 19
Total Net New Strategic Investments	**$640**	**$259**	**$899**

2021/2022 New Strategic Investments



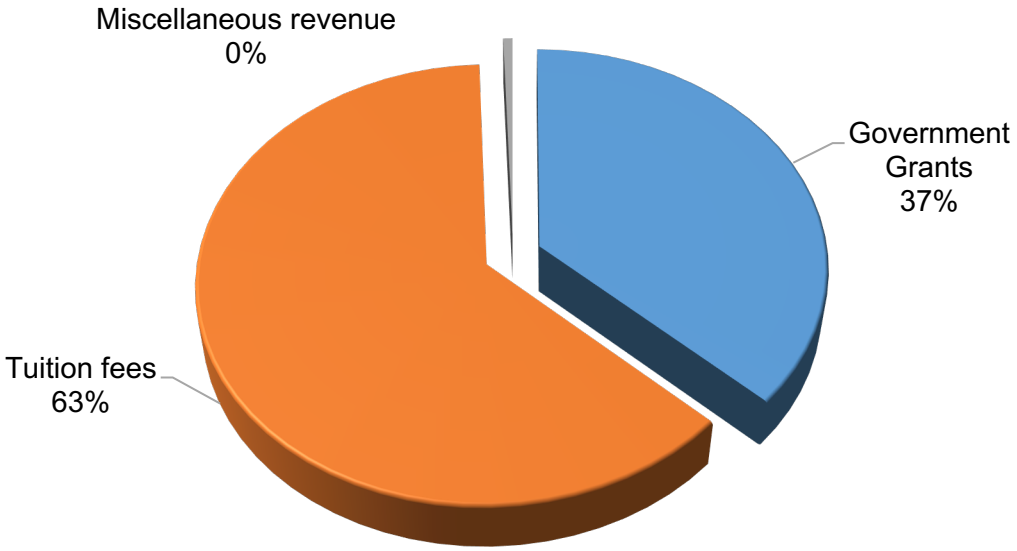
2021/2022 OPERATING BUDGET

As a result of the approved net new strategic investments, the 2021/2022 Operating Budget is expected to be balanced with a nominal surplus. This operating plan was approved by the Board of Governors on March 26, 2021.

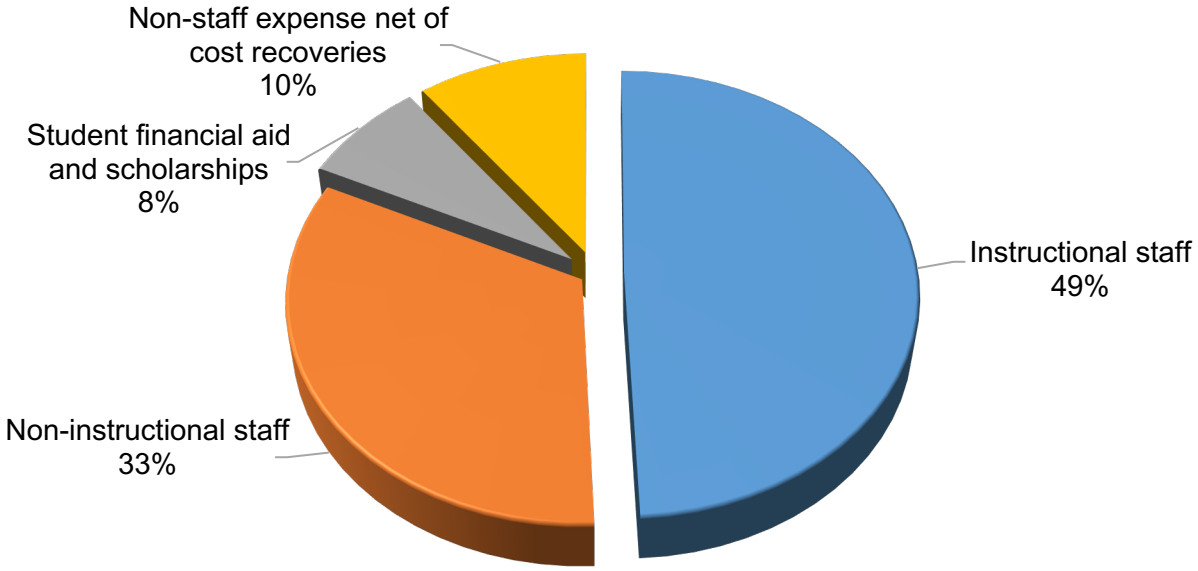
	2020/2021 Projection*	2021/2022 Budget	Change	
Government grants	$ 55,224	$ 54,925	$ (299)	-0.5%
Tuition fees	$ 89,090	$ 93,433	$ 4,343	4.9%
Miscellaneous revenue	$ 2,322	$ 846	$ (1,476)	-63.6%
TOTAL REVENUE	**$146,636**	**$149,204**	**$ 2,568**	**1.8%**
Instructional staff	$ 71,513	$ 73,768	$ 2,255	3.2%
Non-instructional staff	$ 45,301	$ 49,006	$ 3,705	8.2%
Student financial aid	$ 11,005	$ 11,356	$ 351	3.2%
Non-staff expense	$ 24,288	$ 25,638	$ 1,350	5.6%
Sub-total	$152,107	$159,768	$ 7,661	5.0%
Cost recoveries	$ (2,504)	$(10,261)	$ (7,757)	-309.8%
TOTAL NET EXPENSE	**$149,603**	**$149,507**	**$ (96)**	**-0.1%**
NET REVENUE	$ (2,967)	$ (303)	$ 2,664	
Change in Internally Restricted	$ 602	$ (207)	$ (809)	
Use of Prior Year Appropriations	$ 2,365	$ 916	$ (1,449)	
ANNUAL EXCESS REVENUE OVER EXPENSE	**$ 0**	**$ 406**	**$ 406**	

*2020/2021 Projection at time of Board approval in March 2021. Subsequently, the Ministry announced Trent University will receive nearly $6.5 million in one-time funding to support eligible COVID-related expenses incurred, which will negate the requirement to use prior year appropriations to balance and may generate a surplus of up to $4.1 million.

Breakdown of 2021/2022 Operating Revenue



Breakdown of 2021/2022 Operating Expenses



MULTI-YEAR PLANNING

In 2019, Trent resumed multi-year budgeting at the budget developer level as a way to promote longer-term planning and more efficient use of critical resources required to address projected enrolment growth and to align with the University's strategic direction. This multi-year planning continued for this budget cycle as it is key for Trent to strategically plan its economic recovery from the negative impacts of the pandemic and to obtain future sustainability.

Budget owners were asked to prepare a three-year plan based on the current planning guidelines and assumptions. Plans for the second and third years offer an order of magnitude for planning purposes only. Multi-year plans are subject to annual review each fall to ensure the assumptions remain reasonable and/or up to date for additional known changes or new expectations.

The major planning assumptions for years two and three remain consistent with the key budget assumptions for the 2021/2022 fiscal year, except as follows:

- The University is actively working towards the transition of its faculty pension plan, TUFA, into the University Pension Plan effective January 1, 2022, which will eliminate pension solvency payments and pension benefit guarantee payments from that date onward.

The high-level budget projections for 2022/2023 and 2023/2024 have also been adjusted for salary escalation and inflation estimates, annualization of the approved net new investments in 2021/2022, and the removal of one-time amounts no longer applicable. These future-date projections do not include any additional strategic investments to address the enrolment growth on which these budgets are predicated.

With controlled enrolment growth and the reduction in pension plan special payments as a result of transitioning to the UPP, Trent's financial health is expected to remain strong and improve over this budget cycle. This will allow strategic investments where required to maintain or enhance quality academic programming, research activities and student experiences.

	2021/2022 Budget	2022/2023 Projection	2023/2024 Projection
Government grants	$ 54,925	$ 54,705	$ 54,565
Tuition fees	$ 93,433	$ 99,124	$106,960
Miscellaneous revenue	$ 846	$ 1,621	$ 1,798
TOTAL REVENUE	**$149,204**	**$155,450**	**$163,323**
Instructional staff	$ 73,768	$ 76,131	$ 78,410
Non-instructional staff	$ 49,006	$ 49,503	$ 50,556
Student financial aid	$ 11,356	$ 11,797	$ 12,362
Non-staff expense	$ 25,638	$ 25,552	$ 26,151
Sub-total	$159,768	**$162,983**	**$167,479**
Cost recoveries	$(10,261)	$(10,111)	$(10,271)
TOTAL NET EXPENSE	**$149,507**	**$152,872**	**$157,208**
NET REVENUE	$ (303)	$ 2,578	$ 6,115
Change in Internally Restricted	$ (207)	$ (207)	$ (207)
Use of Prior Year Appropriations	$ 916		
ANNUAL EXCESS REVENUE OVER EXPENSE	**$ 406**	**$ 2,371**	**$ 5,908**

2021/2022 ANCILLARY BUDGET

Ancillary departments also prepared budgets following the same budget planning principles set out for operating budget developers. In accordance with the Board-approved ancillary fees protocol, the inflationary increase in ancillary fees is 0.7% for 2021/2022. The rate is subject to annual review and revision, as necessary.

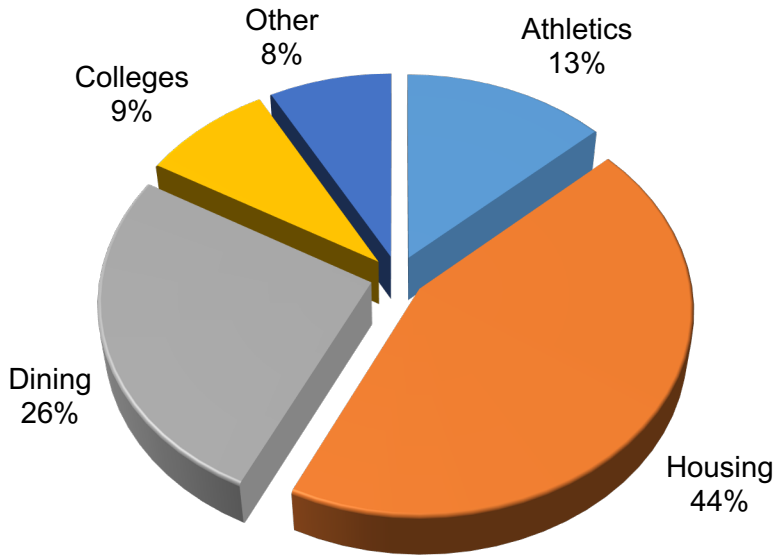
Ancillary services were significantly impacted by the pandemic in 2020/2021, resulting in substantial revenue losses and depletion of many ancillary reserves held for critical capital and infrastructure renewal. In an effort to help these ancillary services rebuild their reserves, these services will not be required to repay losses in excess of reserves that were absorbed by the Operating Budget.

Ancillary Operations Funded Primarily from Student Fees

The departmental surpluses, if any, of ancillary operations funded primarily from student fees, including Athletics, Housing, Dining, Colleges, Student Health, Parking, Orientation, Campus Card and Durham Transit Pass, are set aside at year end to fund future projects or initiatives of the respective departments to provide direct benefit to students. The exception is surpluses generated by Athletics, which contribute directly to the Operating Fund to help offset the cost of prior capital expansion borne by the Operating Budget.

These ancillary services are typically charged an administration overhead fee of 6.62% to help offset the cost of administrative support provided from Operations. This year, the expected ancillary administrative overhead contribution to the Operating Budget is just over $2 million.

2021/2022 Revenue from Ancillary Operations Funded Primarily from Student Fees



Ancillary Operations Contributing to the Operating Fund

The annual surplus of several ancillary operations, including the Campus Store, Print Shop, English as a Second Language (ESL), Conferences/Catering, and Starbucks, is transferred to the Operating fund each year end. For 2021/2022, it is anticipated these ancillary operations will have a net deficit of over $0.6 million primarily as a result of continued COVID-19 restrictions for on-campus activities during the summer of 2021. The University will use prior year appropriations to mitigate these deficits.

	2020/2021 Budget			2021/2022 Budget		
	Revenue	Expense	Net	Revenue	Expense	Net
Athletics	$ 4,421	$ 4,410	$ 11	$ 4,403	$ 4,386	$ 17
Housing	$14,731	$14,731	$ 0	$14,528	$14,528	$ 0
Dining	$ 8,785	$ 8,785	$ 0	$ 8,674	$ 8,674	$ 0
Colleges	$ 2,617	$ 2,617	$ 0	$ 2,840	$ 2,840	$ 0
Other	$ 3,452	$ 3,452	$ 0	$ 2,663	$ 2,663	$ 0
Total Ancillary Operations Funded Primarily by Student Fees	**$34,006**	**$33,995**	**$ 11**	**$33,108**	**$33,091**	**$ 17**
Ancillary Administrative Overhead Contribution to Operating Fund			**$2,066**			**$2,008**
Ancillary Operations Contributing to Operating Fund Campus Store, Print Shop, ESL, Conferences and Catering, Starbucks			**$ 238**			**$ (623)**
TOTAL CONTRIBUTION TO OPERATING BUDGET			**$2,315**			**$1,402**

CAPITAL PLANNING

Trent University has several capital projects currently underway or in development. The following provides highlights of the major projects.

Deferred Maintenance

Like most universities, Trent has a significant backlog of deferred maintenance on its campuses encompassing all aspects of its facilities, including building envelopes, mechanical and electrical systems, structural integrity, exterior walkways and roadways, and interior furnishings and finishes. Risks are mitigated on a daily basis through immediate intervention and preventative maintenance efforts. The University typically receives about $800,000 in annual funding under the Facilities Renewal Program to address deferred maintenance. In 2020/2021, the University received $1.9 million to be spent on Ministry-approved deferred maintenance and campus safety projects by September 30, 2021.

At the time of budget planning, the Ministry had not announced the amount of Facilities Renewal Program grant for 2021/2022. The University is anticipating a similar amount to that normally received, and is reviewing its capital assets and reassessing deferred maintenance needs accordingly. In the interim, a significant portion of identified deferred maintenance will be addressed through the Energy Performance Contract and the Peterborough Housing Strategy described below.

Energy Performance Contract

The Energy Performance Contract is a multi-year project which includes a variety of initiatives designed to improve energy performance and savings across the University campus. The initial phase, which is substantially complete, had a total estimated cost of $15.5 million and addressed over $5.0 million in deferred maintenance. The additional measures now being undertaken have an estimated cost of $9.2 million and will address a further $1.9 million in deferred maintenance.

Peterborough Housing Strategy

Housing Services is developing a Peterborough Housing Strategy to further align the housing program to the University's strategic objectives, meet growing demand based on current enrolment projections, and enhance the student experience by bringing more students onto the core campus at its Peterborough locations. A market and demand analysis presented in February 2019 indicates the need for approximately 700 new residence beds at the Symons campus and Traill college, as well as significant renovations to the existing residences to address deferred maintenance, and suggests a sequenced strategy over a period of 10 years.

In 2019/2020, the University prepared a facilities development plan for the recommended new residence beds and associated academic and student space that reflects the University's identity as a collegiate university. In addition, the University is in the process of developing a financial strategy that will best meet the University's financing goals based on the examination of all possible financing arrangements for the Housing Strategy. It is anticipated that the University's contribution towards this significant capital refresh will come from ancillary operating and reserve funds.

Due to the on-going Covid-19 pandemic, this initiative was delayed in 2020. Planning resumed in early 2021 with the Board and administration revisiting design specifications and financial options in light of the current fiscal and health environment.

Cleantech Commons

The University has set aside 85 acres of land for the development of Cleantech Commons at Trent University, a research and innovation park at the north-east edge of the University's Symons campus which represents a major collaboration between the University and the City of Peterborough. The vision for Cleantech Commons is to become Canada's premier green technology research and innovation site, hosting a cluster of companies and start-up enterprises in environmentally-focused fields including clean technology, environmental services, advanced material sciences, biotechnology, agri-food, and agri-business, to name a few. The goal for Cleantech Commons is to provide experiential learning and employment for students, forge new research partnerships, create a revenue stream for the University, and bring economic development to the region. Its most important contributions may come as a result of the advancements in environmentally beneficial technologies and innovations from the firms located at the Park. Construction on the Cleantech Commons commenced in 2019/2020 and was allowed to proceed during the Covid-19 pandemic.

In June 2020, the Federal Economic Development Agency for Southern Ontario agreed to make a non-repayable contribution of up to $4.8 million in support of the development of an accelerator/technology demonstration space, the Trent Enterprise Centre (TEC), located within the Cleantech Commons. These contributions are payable over a four-year period and include $500,000 in support of programming costs incurred by the Peterborough Innovation Cluster. The University's contribution towards the project is expected to be $2 million. The project will establish and equip the cleantech lab, create pilot manufacturing spaces, and offer business advisory services. Once fully operational, the TEC will support ten to fifteen scalable companies at any given time in the lab/pilot space. The project has an expected completion date of March 2024.